

Requiring review of the unemployment compensation insurance program

HB 1496 by Solomons (Duncan)

DIGEST:	HB 1496 would have required the state auditor to review the state unemployment compensation insurance program to identify trends in benefit fraud and claim overpayments and the possible causes. The review would have had to study fraudulent schemes detected by other states, identify strategies to reduce fraud and claim overpayments, and include recommendations to the Texas Workforce Commission (TWC) on job search and placement strategies for claimants who exhausted their benefits. TWC would have had to implement strategies recommended by the state auditor that the commission could perform with its existing staff and budget.
GOVERNOR'S REASON FOR VETO:	<p>“House Bill No. 1496 would disregard the constitutional doctrine of separation of powers. Set forth in Article II of the Texas Constitution, this doctrine establishes that there be three distinct departments of our government — legislative, executive, and judicial — and that no department ‘shall exercise any power properly attached to either of the others.’ House Bill No. 1496 would violate this principle by inappropriately granting a legislative agency authority over an executive branch agency. It would require the Texas Workforce Commission to adopt directives of the State Auditor.</p> <p>“However, I support the intent of House Bill No. 1496. Therefore, by executive order, I am directing the Texas Workforce Commission to develop and implement innovative unemployment insurance fraud detection and collection strategies.”</p>
RESPONSE:	<p>Rep. Burt Solomons, the bill’s author, said: “HB 1496 would have required the State Auditor’s Office to perform a review of the Texas Workforce Commission’s Unemployment Insurance (UI) Trust Fund and to recommend methods for improving fraud detection. The bill further required the Texas Workforce Commission to implement all strategies that were fiscally feasible and to report back to the Legislature on funds necessary to complete all recommendations.</p> <p>“In his veto proclamation, the governor recognizes the need to improve UI fraud detection and is ‘directing the Texas Workforce Commission to develop and implement innovative unemployment insurance fraud detection and collection strategies.’ However, the governor stated the bill was unconstitutional in that it would be ‘inappropriately granting a legislative agency authority over an executive branch agency. It would require the Texas Workforce Commission to adopt directives of the State Auditor.’</p> <p>“While I am disappointed that the governor has chosen to veto HB 1496, I understand his constitutional concern and would have been happy to address it if given the opportunity. I am encouraged that the governor plans to address this issue and am confident that the estimated \$8.6 million in savings to the state will still be realized under his direction.”</p>

Sen. Robert Duncan, the Senate sponsor, was unavailable for comment.

NOTES:

HB 1496 passed the House on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.